

Business Economics and Business and Commercial Knowledge

01. Human wants are _____ in companion to means to satisfy them.
(a) Finite (b) Unlimited
(c) Unlimited (d) Limited
02. The economy which makes use of both markets and government:
(a) Mixed economy (b) Socialistic economy
(c) Capitalistic economy (d) None of the above
03. The practical application of economic theory in business decisions is called.....
(a) Macro economics (b) Micro economics
(c) Business economics (d) Normative Economics
04. Price mechanism is a feature of.....
(a) Capitalism (b) Socialism
(c) Mixed economy (d) All of the above
05. Micro economic theory deals with the issues.....
(a) Product pricing (b) Consumer behavior
(c) Factor pricing (d) All of the above
06. Nature of business economics is:
(a) Theory of markets and private enterprises
(b) Normative in nature
(c) Incorporates elements of macro analysis
(d) All of the above
07. Business economics is also called
(a) Micro economics (b) Macro economics
(c) Welfare economics (d) Managerial economics
08. Issues requiring decision making in the context of business are:
(a) How much should be the optimum output at what price should the firm sell?
(b) How will the product be placed in the market?
(c) How to combat the risks and uncertainties involved?
(d) All of the above
09. Consider the following statement about Capitalism:
(i) It works through price mechanism
(ii) It increase human welfare
(iii) It operates on profit motive
(a) (i) & (ii) (b) (i) & (iii)
(c) (ii) & (iii) (d) None of the above
10. Business economics uses elements of:
(a) Micro economics (b) Macro economics
(c) Both micro & macro economics (d) None of the above
11. Consumer surplus in case of necessary commodities:
(a) Zero (b) One
(c) Infinite (d) None of these

12. When price increases from Rs. 200 to Rs. 300 and supply increases from 2000 units to 5000 units, then calculate elasticity of supply?
- (a) 3 (b) 0.3
(c) 4 (d) 0.4
13. The consumer is in equilibrium when the following condition is satisfied:
- (a) $\frac{MU_x}{MU_y} > \frac{P_x}{P_y}$ (b) $\frac{MU_x}{MU_y} < \frac{P_x}{P_y}$
(c) $\frac{MU_x}{MU_y} = \frac{P_x}{P_y}$ (d) None of these
14. In an indifference curve analysis, the consumer attains equilibrium at a point where the marginal rate of substitution is the price ratio $\frac{P_x}{P_y}$.
- (a) Greater than (b) less than
(c) Equal to (d) Not related to
15. Which of the following statement is not true?
- (a) MU is the slope of TU curve (b) MU is the rate of change of TU
(c) MU cannot be negative (d) MU can become zero
16. Which of the following statements about indifference curve is not true?
- (a) Indifference curve shows price of 2 commodities
(b) Indifference curve is convex to origin
(c) Indifference curve can't touch either of the axis
(d) Two indifference curves can't touch each other
17. An indifference curve shows.....marginal rate of substitution between two commodities
- (a) increasing (b) decreasing
(c) constant (d) zero
18. Forecasting of demand is the art and science of predicting the
- (a) Actual demand for a product at some future date
(b) Probable demand for a product at some future date
(c) Total demand for a product at some future date
(d) None of these
19. Normally, when the price of a commodity increases its demand:
- (a) Remains constant (b) Increases
(c) Decreases (d) Zero
20. Additional made to the total utility by the consumption of an additional unit of a commodity is called:
- (a) Total utility (b) Average utility
(c) Marginal utility (d) All of the above
21. Which one of the following is not a method of demand forecasting?
- (a) Mathematical method (b) Statistical method
(c) Expert opinion method (d) Barometric method
22. In case of inferior commodity the rise in income will result in demand curve:
- (a) Upward (b) Downward
(c) No change (d) Initially downward but ultimately upward
23. According to law of supply, the supply of commodity normally depends on:
- (a) Price of related commodity (b) Price of commodity
(c) Price of factors of production (d) Demand for the product

24. Demand curve of a normal commodity:
- (a) Downwards from left to right (b) Upwards from left to right
(c) parallel to y -axis (d) parallel to x - axis

(25-26): From the following information:

Hours of labour	Total output	Marginal Product
0	—	—
1	200	200
2	—	180
3	480	—

25. What is the marginal product of third hour labour?
- (a) 120 (b) 180
(c) 480 (d) **100**
26. What is the total output when the 2 units of labour is employed?
- (a) 180 (b) **380**
(c) 200 (d) 480
27. The shape of AFC curve is:
- (a) Concave (b) **Convex**
(c) U shaped (d) Upward sloping
28. Which of the following statement about factors of production is not true?
- (a) Land is a passive factor (b) Land is a free gift of nature
(c) Land is immobile (d) **Land is perishable**
29. Accounting cost will beeconomic cost.
- (a) Greater than (b) **less than**
(c) Equal to (d) None of these
30. Which of the following shows the unique relation between marginal revenue, average revenue and price elasticity?
- (a) $MR = AR \left(\frac{\epsilon - 1}{\epsilon} \right)$ (b) $MR = AR \left(\frac{\epsilon + 1}{\epsilon} \right)$
(c) $MR = AR \left(\frac{1 - \epsilon}{\epsilon} \right)$ (d) None of these
31. Cobb – Douglas production function represents.....returns to scale
- (a) **Constant** (b) Increase
(c) Decrease (d) None of these
32. If Average cost of a firm is minimum, then Marginal cost will be.....
- (a) Greater than average cost (b) **Equal to average cost**
(c) Less than average cost (d) None of these
33. Which is the other name that is given to the demand curve?
- (a) Profit curve (b) **Average Revenue curve**
(c) Average Cost Curve (d) Indifference curve
34. Which of the following condition is for profit maximization?
- (a) $MC < MR$ (b) **$MC = MR$**
(c) $MC > MR$ (d) None of these

35. On the basis of law of variable proportions, average product is at its maximum, when average product ismarginal product.
- (a) Greater than (b) Less than
(c) Equal to (d) None of these
36. The price of a commodity express its:
- (a) Cost of production (b) Profit earning level
(c) Exchange value (d) Variable cost
37. Product differentiation is an important feature of :
- (a) Monopoly (b) Imperfect competition
(c) Perfect competition (d) Discriminating monopoly
38. Price leadership is used to explain firm's behavior under:
- (a) Monopoly (b) Oligopoly
(c) Perfect competition (d) Discriminating monopoly
39. A market which has single buyer and single seller is called.....
- (a) Monopoly (b) Bilateral monopoly
(c) Duopoly (d) Monopsony
40. Which one of the following is not a feature of oligopoly?
- (a) Inter dependence (b) Selling cost
(c) Group behavior (d) Free entry
41. If the supply of a commodity does not change then with every increase in demand price will.....
- (a) Remain same (b) Increase
(c) Decrease (d) Becomes zero
42. If there is a increase in supply without any change in demand, equilibrium price will.....
- (a) Increase (b) Decrease
(c) Remain unchanged (d) Becomes zero
43. The structure of tooth paste industry in India is best described as a.....market.
- (a) Perfectly competitive (b) Monopolistic
(c) Monopolistically competitive (d) Oligopolistic
44. Under the first degree of price discrimination the monopolist charges different prices,
- (a) From different persons (b) For different quantity sold
(c) At different markets (d) In all of the above situations
45. In a monopoly market which of the following is not found?
- (a) Single seller (b) barriers to entry
(c) Close substitutes (d) All of the above
46. A monopolist average revenue curve:
- (a) Falls from left to right (b) Is parallel to x-axis
(c) Is parallel to y-axis (d) Rise from left to right
47. In long run a perfectly competitive firm earns
- (a) Normal profits (b) super normal profits
(c) Losses (d) Neither profits nor losses
48. Under perfect competition demand curve for individual firm is:
- (a) In elastic (b) Unitary elastic
(c) Perfectly elastic (d) Perfectly inelastic
49. Which of the following is not a feature of perfect competition?
- (a) Homogenous (b) Large number of buyers & sellers
(c) Free entry & exit (d) Selling cost

50. **Marginal revenue curve of a firm under perfect competition:**
 (a) Falls from left to right (b) Rises from left to right
 (c) Parallel to y - axis (d) **Parallel to x - axis**
51. **A typical business cycle hasdistinctive phases.**
 (a) 2 (b) **4**
 (c) 5 (d) Many
52. **Business cycles are contagious &.....in nature**
 (a) Local (b) Regional
 (c) National (d) **International**
53. **Which of the following is not correctly matched?**
 (a) **Keynes** : Fluctuations in aggregate effective demand
 (b) **Hawtrey** : Purely monetary phenomena
 (c) **Schumpeter** : Innovations
 (d) **Pigou** : Fluctuations in investment
54. **The world economy suffered the longest, deepest and the most widespread depression of the 20th century during :**
 (a) **1930** (b) 1934
 (c) 1996 (d) 1936
55. **Which one of the following is an important character of business cycles according to pigou?**
 (a) **Psychological factors** (b) Natural factors
 (c) Demographic factors (d) Monetary factors
56. **According to theory of business cycles once a peak is reached.....begins in the economy as the increase in demand and halts declining in certain areas.**
 (a) Expansion (b) **Contraction**
 (c) Depression (d) Recovery
57. **Which of the following is the internal cause of business cycles?**
 (a) **Fluctuations in investment** (b) Natural factors
 (c) Technology shocks (d) Population growth
58. **Which of the following is the external cause of business cycles?**
 (a) **Population growth** (b) Variations in government spending
 (c) Money supply (d) Macro economic policies
59. **Feature of business cycles are**
 (a) Occurs periodically
 (b) Have four different phases
 (c) Generally originate in a free market economy
 (d) **All of the above**
60. **Change in fashion retailing is an example of:**
 (a) Sluggish fluctuation (b) Cyclical fluctuation
 (c) Sunrise fluctuation (d) **Seasonal fluctuation**
61. **Which of the following is not characteristic of an economic activity?**
 (a) Economics Activities are productive
 (b) Economics Activities are Income generating
 (c) **Economics Activities are sentimental**
 (d) All of the above

62. A Hindu undivided family business.....formed by a group of people who do not constitute a family:
 (a) Can be (b) Should be
 (c) Cannot be (d) Normally
63. The logo of the institute from the Institute of chartered Accountants of India (ICAI) is suggestive ofexpected from CAs
 (a) Professional (b) Integrity
 (c) Vigilance (d) None of these
64. Under the income tax Act, A HUF cannot earn income from.
 (a) House property (b) Salary
 (c) Profits (d) Other Sources
65. Which of the following is not a merit of LLP
 (a) LLP is a separate legal entity
 (b) Designated partners should ensure control over compliances
 (c) Both a & b
 (d) None of the above
66. Minimum number of director for private company:
 (a) 10 (b) 15
 (c) 02 (d) 03
67. Which of the following is not correct about Business Environment:
 (a) Constantly changing (b) Simple
 (c) Multifaceted (d) Complex
68. Which of the following is an economic activity
 (a) Self Interest (b) Selfless concern
 (c) Social Interest (d) Sentimental
69.are important & specific occurrences taking place in different environmental sectors
 (a) Expectations (b) Events
 (c) Issues (d) Trends
70. Which environment affects the day to day business activities:
 (a) Internal (b) Micro
 (c) External (d) Macro
71. An inherent capacity which an organization can use to gain strategic advantage over its competitors' is called:
 (a) Weakness (b) Threat
 (c) Opportunity (d) Strength
72. Which of the following is not a part of Economic Environment of business
 (a) Family structure (b) Availability of Capital
 (c) Monetary Policy (d) Industrial Policy
73. Environmental Analysis helps in:
 (a) Providing input for strategic decision making
 (b) Turning threat's to firms advantage
 (c) Anticipate opportunities and to take optimal responses
 (d) All of the above
74. The term.....is used to describe a framework for analysis of macro environmental factors.
 (a) Global (b) Social
 (c) PESTLE (d) Legal

75. **Business environment consist of**
 (a) Macro Elements (b) Micro Elements
 (c) Both of the above (d) None of the above
76. **Which of the following is Indian state owned company:**
 (a) Coal India Ltd. (b) Cipla
 (c) HDFC (d) ITC
77. **Good Food, Good Life is the Slogan of which company:**
 (a) Wal-Mart (b) Cipla
 (c) Parle (d) Nestle
78. **Wal-Mart is company.**
 (a) Technology (b) food
 (c) Retailer (d) Finance
79. **Product & segments of Apple are.....**
 (a) Ipad & Ipad Pro (b) Mac book
 (c) Both (a) & (b) (d) None of these
80. **Which of the following is not an American multinational company:**
 (a) WIPRO (b) Microsoft
 (c) Intel (d) IBM
81. **FEMA replaced FERA as legislation in:**
 (a) 1991 (b) 1992
 (c) 1999 (d) 2006
82. **NITI aayog has replaced which of the following:**
 (a) MRTP Commission (b) Planning Commission
 (c) Financial Commission (d) Population Commission
83. **Permission has been granted to non-residents Indians (NRI) & Overseas percent in high priority sectors:**
 (a) 27 (b) 51
 (c) 49 (d) 100
84. **In single hand retailing 100% FDI was allowed in the year:**
 (a) 2012 (b) 2010
 (c) 1999 (d) 1997
85. **The decrease in Government control and command in Indian business is.....**
 (a) Liberalization (b) Privatization
 (c) Globalization (d) Delegation
86. **Which one of the following is funding institute:**
 (a) IFCI (b) RBI
 (c) IRDA (d) SEBI
87. **Which of the following is not regulatory institution:**
 (a) IRDIA (b) MIGA
 (c) RBI (d) SEBI
88. **The business sphere of SIDBI consists of Micro, small & enterprises:**
 (a) Tiny (b) Large
 (c) Cottage (d) Medium
89. **.....represents the ratio of liquid Assets of Bank to meet liabilities & deposits:**
 (a) SLR (b) CRR
 (c) Bank rate (d) None of these

- 90. Which is not true about Bank rate:**
 (a) **Bank rate is also known as Discount rate**
 (b) It is a quantitative measure
 (c) It differs from repo rate
 (d) It influence credit availability to particular sector
- 91. The shares of a company that are traded on a stock exchange are**
 (a) Hedge (b) Net worth
 (c) **Listed Stocks** (d) Dividends
- 92. The is something that makes trade between two countries difficult and expensive**
 (a) Benchmarking (b) **Barriers to trade**
 (c) Barriers to entry (d) Cross selling
- 93. The share of large, well established and financially sound companies with an impressive record of earnings and dividends are called:**
 (a) Bonds (b) Debentures
 (c) **Blue chips** (d) Commercial paper
- 94. What is initial public offering?**
 (a) **A company first issue of shares to general public**
 (b) Right issue of shares by company
 (c) Both a & b
 (d) None of the above
- 95. Charging a relatively high price for a short time where a new, innovative, or much improved product is launched onto a market is called:**
 (a) Sales Promotion (b) **Price Skimming**
 (c) Price sensitivity (d) Unique selling price
- 96. Reduction in the price of goods given to encourages sales on cash basis**
 (a) Trade discount (b) **Cash discount**
 (c) Both a & b (d) None of the above
- 97. Assets that can be expected to turn into cash within a year or less is called as:**
 (a) **Current Assets** (b) Fixed Assets
 (c) Intangible Assets (d) All of the above
- 98. Arbitrage means:**
 (a) **Simultaneous purchase and sales of two identical commodities**
 (b) Only purchase of identical commodities
 (c) Sale of identical commodities only
 (d) None of the above
- 99. Total revenue from sales which exactly equal to expenses incurred is:**
 (a) **Breakeven Point** (b) Shutdown point
 (c) Bothe (a) & (b) (d) None of these
- 100. What is brokerage:**
 (a) **Commission charge by the broker for his services**
 (b) Commission charge by SEBI
 (c) Commission given by the broker for his services
 (d) None of the above